2004–2005

Saskatchewan
Provincial Budget

Performance Plan

Minister's Message

It is my pleasure to present the 2004-05 Performance Plan for the Saskatchewan Liquor and Gaming Authority (SLGA).

SLGA's mission is to distribute, control and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility. Revenues generated through liquor and gaming activity in the Province assist charities, business and government in realizing their goals.

In 2004-05, SLGA is projecting a net income transfer of $365.4 million to the General Revenue Fund of the provincial government. This transfer reflects a very significant contribution to funding broader provincial objectives in areas like health, education and highways.

To achieve and sustain this success, SLGA is committed to achieving five overarching outcomes within the liquor and gaming sectors in the Province. These five outcomes ultimately form the core goals of SLGA's Balanced Scorecard and include:

- Ensuring high quality customer service;
- Ensuring an appropriate public policy framework for the provincial liquor and gaming sectors, including the responsible use of liquor and gaming products;
- Becoming an employer of choice which provides employees with a healthy work environment that values diversity and equity;
- Demonstrating continuous improvement in SLGA's internal business operations; and,
- Demonstrating strong financial management and accountability in support of broader provincial objectives.

I am committed to SLGA's completion of the key actions identified for each of the perspectives in its performance plan for 2004-05. In July 2005 I will report to the people of Saskatchewan on SLGA's actual progress to date.

Eric Cline
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

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Who We Are

OVERVIEW OF SLGA'S OPERATIONS

The Saskatchewan Liquor and Gaming Authority (SLGA) is a Treasury Board Crown corporation responsible for the distribution, control and regulation of liquor and gaming across the Province. SLGA achieves its mandate through socially responsible, fair and cost-effective services and programs delivered by employees at offices in Regina and Saskatoon, a liquor distribution centre in Regina, and a network of provincial liquor stores. SLGA also works in partnership with privately operated franchise and off-sale outlets. In the gaming sector, SLGA owns and operates all video lottery terminals and owns and manages the slot machines at the Province's four First Nations casinos. SLGA also licenses and regulates most forms of gaming including, bingo, raffles, casinos, breakopen tickets and horse racing.

SLGA is a significant provincial employer. As of March 31, 2003, SLGA employed approximately 850 staff in 64 communities throughout the Province. Approximately 90 per cent of employees are members of the Saskatchewan Government and General Employees' Union (SGEU) Local 6080.

SLGA operates under *The Alcohol and Gaming Regulation Act* and works in partnership with a broad range of stakeholders and clients, including: the Saskatchewan Government and General Employees' Union (SGEU); the Federation of Saskatchewan Indian Nations (FSIN); the Saskatchewan Indian Gaming Authority (SIGA); Saskatchewan Indigenous Gaming Regulators Incorporated; Western Canada Lottery Corporation (WCLC); the Canadian Restaurant and Foodservices Association; the Hotels Association of Saskatchewan (HAS); the Saskatchewan Liquor Vendors Association; liquor-licensed establishments; non-profit clubs; charity associations/individual charities; Western Gaming Systems; the First Nations University of Canada (FNUC); the Brewers Association of Canada; and, the Association of Canadian Distillers.

OVERVIEW OF THE PROVINCIAL BEVERAGE ALCOHOL SECTOR

Saskatchewan's model for beverage alcohol distribution combines a public model for liquor distribution with private franchises and off-sale outlets. This partnership has been very successful in providing provincial customers with very high quality service. SLGA currently operates 81 liquor stores in 65 communities throughout the Province. In addition, SLGA grants 190 small businesses in rural Saskatchewan a franchise to sell beverage alcohol on its behalf. This partnership with provincial franchises serves a critical role in ensuring that all Saskatchewan residents have equal and fair access to liquor products and services. In addition, there are also 484 off-sale outlets across the Province licensed to sell a full range of beverage alcohol products, including spirits which were introduced to the off-sale system in 2002-03.

In 2003-04, SLGA listed more than 2,100 products, which include general listings, specialty listings and domestic and imported beer. SLGA's distribution centre (SLGA's Warehouse), located in Regina, processes an annual flow of over 1.2 million cases of beverage alcohol. The warehouse receives, stores, and ultimately ships inventory across the entire Province.

SLGA also manages the administration of special occasion permits for the Province. As a regulatory body for liquor licensed premises, SLGA ensures that the more than 1,700 licensed premises in the Province are complying with the rules and regulations set out in *The Alcohol and Gaming Regulation Act*. In this role, SLGA also follows up on any complaints that the public may bring to its attention regarding licensed outlets.

OVERVIEW OF THE PROVINCIAL GAMING SECTOR

In terms of SLGA's direct role in the provincial gaming sector, SLGA owns and manages 4,000 video lottery terminals (VLTs) in 702 sites and 334 communities across the Province. SLGA also owns and manages the slot machines operated in Saskatchewan Indian Gaming Authority (SIGA) casinos. SLGA regulates bingos and raffles through licensing operations, auditing and inspection activities. SLGA plays the central regulatory role for the gaming sector, ensuring that the overall integrity of *The Alcohol and Gaming Regulation Act* is upheld with respect to provincial gaming activity. And, finally, SLGA plays a lead role in ensuring the socially responsible use of gaming products and services.

SIGA is a non-profit group that operates under *The Non-Profit Corporations Act*. SLGA and SIGA signed the Casino Operating Agreement in 1995 (renewed in 2002) to govern the operations of SIGA casinos and define the operating relationship between SLGA and SIGA. The Saskatchewan Gaming Corporation (SGC) is a Treasury Board Crown Corporation (like SLGA) and was established in 1994 under *The Saskatchewan Gaming Corporation Act*. The Corporation is responsible for the management of Casino Regina and Casino Moose Jaw, which offer games of chance including slot machines, table games and specialty games. Casino Moose Jaw was opened in September 2002. SLGA is also the regulator for SGC gaming activities.

THE 2002 GAMING FRAMEWORK AGREEMENT

The Gaming Framework Agreement is an agreement between the provincial government and the Federation of Saskatchewan Indian Nations (FSIN) that provides for the FSIN's continued operation of casinos in Saskatchewan through the Saskatchewan Indian Gaming Authority (SIGA). The Agreement was signed on June 11, 2002. The Gaming Framework Agreement maintains the Province's revenue sharing at 37.5 per cent of SIGA net profits, with 37.5 per cent for the First Nations Trust and 25 per cent for the Community Development Corporations (CDCs). Each CDC is associated with a SIGA-run casino and is allocated 25 per cent of that casino's profits. According to the Gaming Framework Agreement, CDCs distribute their funds for economic and social development within specific communities.

COMMUNITY INITIATIVES FUND

The Community Initiatives Fund (CIF) was created by the Government of Saskatchewan to distribute a portion of casino profits to benefit Saskatchewan people and communities. Governed by *The Saskatchewan Gaming Corporation Act*, the CIF is managed and operated by a Board of Trustees consisting of people appointed by the Lieutenant Governor in Council. The CIF supports many different community initiatives that benefit Saskatchewan people.

CASINO OPERATIONS IN SASKATCHEWAN

There are currently six casinos in Saskatchewan which provide a variety of slot machines and table games. In addition, there is also Emerald Casino in Saskatoon that is managed by Prairieland Park Corporation. SGC manages and operates Casino Regina and Casino Moose Jaw. SIGA operates the Northern Lights Casino in Prince Albert, the Gold Eagle Casino in North Battleford, the Painted Hand Casino in Yorkton and the Bear Claw Casino near Carlyle. By December 13, 2001, all four SIGA casinos were designated as on-reserve casinos.
As of March 31, 2003, SIGA casinos employed approximately 1,130 people, 70 per cent of whom are of aboriginal heritage. As of March 31, 2003, there were 1,865 slot machines throughout the Province, of which 995 were located at SIGA casinos.

DISTRIBUTION OF GAMING REVENUE FROM CASINOS

SGC and SLGA make net income payments from casino gaming operations to the Province's General Revenue Fund (GRF). SGC remits all net profits from Casino Regina and Casino Moose Jaw operations to the GRF, as required under *The Saskatchewan Gaming Corporation Act*. The distribution of SIGA slot machine profits is governed by the 2002 Gaming Framework Agreement. SLGA collects net profits from SIGA, which are then passed on to the GRF. The Government redistributes the profits collected from SGC and SLGA between the: Community Initiatives Fund (CIF); Métis Development Fund (MDF); First Nations Trust (FNT); and, Community Development Corporations (CDCs). The GRF and the FNT each receive 37.5 per cent of SIGA profits, while CDCs associated with SIGA casinos receive the remaining 25 per cent of slot machine profits. SIGA does, however, directly retain any profits it makes from table games to support First Nations religious or charitable initiatives.

VIDEO LOTTERY TERMINALS (VLTS)

SLGA has an established distribution policy for VLTs such that the placement of VLTs can change, but the overall number remains capped at 4,000 machines. SLGA contracts with the Western Canadian Lottery Corporation (WCLC) for operating and maintaining the VLTs. SLGA also pays a commission to VLT site operators for the operation of the machines located in liquor-licensed establishments (VLTS are also located in Emerald Casino in Saskatoon).

CHARITABLE GAMING AND HORSE RACING

SLGA regulates bingos, breakopen tickets and raffles through the licensing, monitoring, compliance and auditing of charitable organizations. All money raised through these activities is retained by charitable organizations. Finally, in 2002-03, three exhibition associations received support from the Province for horse racing: the Regina Exhibition Association (Queensbury Downs), Saskatoon Prairieland Park Corporation (Marquis Downs) and the Yorkton Agricultural and Industrial Exhibition. The Province provides grants to the exhibitions to help maintain the horse racing industry. Under the grant system, all of the provincial pari-mutuel tax collected on wagering is returned in the form of grants for stake races, purse support and other programs.

Balanced Scorecard at a Glance

This is the second year that SLGA has formally published its Corporate Balanced Scorecard. SLGA's 2003-04 Balanced Scorecard was published last July as a part of its 2002-03 Annual Report. In July of 2004, SLGA will report results achieved against its 2003-04 Balanced Scorecard. Similarly, SLGA will report the results achieved for this 2004-05 strategic plan in July 2005 as a part of its 2004-05 Annual Report.

Below is a summary of SLGA's 2004-05 Corporate Balanced Scorecard. The goals and objectives presented below articulate the key outcomes that SLGA seeks to achieve in advancing our vision. A detailed review of SLGA's objectives and performance measures can be found in *"Goals, Objectives, Actions and Measures"*. While SLGA's goals and objectives are intended to be multi-year in nature, the key actions presented here relate only to the 2004-05 fiscal year. Strategic planning is implicitly evolutionary in nature, and SLGA expects that it's plan will mature and evolve over time to respond to emergent opportunities and challenges in the planning environment.

SLGA'S VISION

SLGA's vision describes the ideal state to which the organization strives. SLGA's vision is:

- Excellent customer service
- Progressive business operations and fiscal responsibility
- Responsible use of liquor and gaming products
- Fair access to liquor and gaming products and services

- That charities, business and government realize their goals through the economic benefits generated through liquor and gaming activity
- SLGA is an employer of choice representative of the diversity of Saskatchewan

SLGA'S MISSION

To distribute, control and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility.

GUIDING PRINCIPLES

SLGA's guiding principles define its core beliefs and values, which govern the organization's conduct as it works to achieve its vision. SLGA's guiding principles are:

- **Integrity:** We will be honest, fair and trustworthy in our activities and relationships.
- **Social Responsibility:** We will conduct our operations in a manner that balances revenue generation and social responsibility
- **Fiscal Responsibility:** We will conduct our operations in a fiscally responsible way
- **Accountability:** We will be accountable to the Saskatchewan people for our actions, decisions and performance
- **Open Communication:** We will communicate and consult internally and externally in an open, direct and respectful manner
- **Mutual Respect:** We will be respectful in our interactions, based on fairness, equity and openness
- **Diversity:** We will value people and their differences

OVERVIEW OF SLGA'S GOALS, OBJECTIVES AND MEASURES

GOAL #1

Customer service

OBJECTIVE 1 - *Customer satisfaction*

Achieve and maintain a high level of customer satisfaction for our customers

Performance Measure:

- Customer satisfaction – retail liquor customers

***OBJECTIVE 2** - Customer focused infrastructure*

Distribute liquor and gaming products and services through a contemporary infrastructure that balances customer expectations with fiscal responsibility

Performance Measure:

- Number of stores renovated or relocated

GOAL #2

Public policy

***OBJECTIVE 1** - Monitoring and regulating*

Promote integrity, responsibility, and fairness in the liquor and gaming industry

Performance Measures:

- Compliance rates for liquor activity
- Total number of compliance contacts with stakeholders
- Number of inspections
- Number of investigations
- Number of audits/reviews
- Number of consultations
- Total number of sanctions
- Number of educational workshops

***OBJECTIVE 2** - Revenue distribution*

Distribute liquor and gaming revenue among provincial stakeholders in support of broader provincial objectives

Performance Measure:

- Revenue distribution to stakeholders

OBJECTIVE 3 - *Fair access*

Support fair access to liquor and gaming products and services

Performance Measures:

- Retail outlets per capita
- Number of VLTS in operation; number of sites; and the number of communities with VLTs

OBJECTIVE 4 - *Social responsibility*

Promote social responsibility in the use of liquor and gaming products

Performance Measures:

- Under development

GOAL #3

Our people

OBJECTIVE 1 - *Employee health, safety, and satisfaction*

Create a safe, healthy and positive workplace for our employees

Performance Measure:

- Number of employees who have taken harassment and violence in the workplace awareness training

OBJECTIVE 2 - *Employee performance and skill development*

Develop the capacity and skills of our employees by offering opportunities for learning and growth

Performance Measure:

- Cumulative number of employees who complete leadership training

OBJECTIVE 3 - *Representative workforce*

Develop a workforce that is representative of the population we serve

Performance Measures:

- Employment by equity group
- Number of employees who have taken aboriginal awareness training

OBJECTIVE 4 *- Communication*

Effectively communicate our policies, priorities, and results both within our organization and externally to the public

Performance Measures:

- Under development

GOAL #4

Internal operations

OBJECTIVE 1 *- Improved business processes and infrastructure*

Streamline our internal business processes and infrastructure, to foster continuous improvements, enable our employees, and strengthen our customer service capabilities

Performance Measure:

- Licensing, regulating and support expenses as a percentage of revenue

OBJECTIVE 2 *- Liquor and gaming distribution productivity*

Distribute and manage liquor and gaming products efficiently to ensure customer expectations are being met in a cost effective manner

Performance Measures:

- Store operating costs as a percentage of store sales
- WCLC costs as a percentage of VLT revenue
- SIGA net income as a percentage of SIGA net revenue
- SIGA costs as a percentage of SIGA revenue

GOAL #5

Financial

OBJECTIVE 1 *- Financial management and accountability*

Manage our resources effectively to ensure fiscal responsibility and accountability

Performance Measures:

- Net income transferred to the General Revenue Fund
- Net income percentage variance from previous year
- Marginal return on expenses

2004-05 Financial Overview

SLGA's 2004-05 financial plan builds on the strategic direction set out in this Balanced Scorecard. The financial plan is intended to support SLGA in achieving the goals and objectives set out in its strategic plan.

SLGA's net income consists primarily of the following components: provincial VLT revenue; SIGA net income; and, profits from the retail liquor sector. SLGA's net income is transferred annually to the Government's General Revenue Fund (GRF). This annual transfer to the GRF represents a very significant contribution to meeting a wide range of broader provincial economic and social objectives.

In 2002-03, $328.7 million was made available to the General Revenue Fund by SLGA. (This figure includes $3.5 million in retained earnings subsequently transferred to the GRF.) SLGA is forecasting a net income transfer of $358 million for 2003-04, and $365.4 million for 2004-05. This represents a 15 per cent increase of $47.4 million, from $318 million in 2001-02 to $365.4 million in 2004-05.

Between 2002-03 and 2003-04 the increase in SLGA's net income was primarily attributable to an increase in VLT revenues (due largely to the addition of 400 new machines, and to the replacement of the old network of VLTs with new machines), and increases in SIGA's overall profitability (due largely to internal operational improvements and an increase in the number of slot machines in SIGA Casinos). A complete review of SLGA's financial statements for 2003-04 will be provided in SLGA's Annual Report to be published in July 2004. The projected increases in SLGA's net income for 2004-05 are largely a result of policy choices surrounding the mark-up rate on bottled beer, and changes to the commercial permittee discount rate on beer. Despite this anticipated growth, SLGA is not forecasting natural growth of this magnitude in future years.

Trends and Issues

Environmental scanning provides an important foundation for planning as it can reveal strategic issues that need to be addressed and incorporated into a strategic plan. Overall, SLGA's planning context remains largely unchanged from 2003-04. In particular, broader macro-economic and demographic trends continue to have a major impact on SLGA's ability to ensure a sustainable revenue base as these trends impact consumption and gross revenues.

DEMOGRAPHIC AND ECONOMIC TRENDS

- **Demographic trends** have significant implications for SLGA both in terms of how SLGA delivers products and services into the future, as well as affecting SLGA's ability to generate and maintain a stable base of revenue. Because population growth is a key determinant in the natural growth in overall liquor consumption and gaming activity, maintaining revenues over the long-term remains a challenge for SLGA in this context. Similarly, Saskatchewan's aging population also affects SLGA's operations as liquor and gaming activity tend to decline with age. Other factors, like rural depopulation and youth out-migration, also impact SLGA. In addition, broader economic trends will always be important determinants of SLGA's financial outcomes.

TRENDS IN BEVERAGE ALCOHOL

- **Market Shift.** The liquor market has shifted noticeably towards wine and beer and away from spirits. The volume of spirit sales decreased in the early 1990s, and throughout the mid 1990s to the present, sales volume has stabilized at around 5.3 million litres. Wine and cooler sales have shown marked increase over the past eight years, increasing over 40 per cent in litre sales since fiscal 1994. Beer sales have shown more fluctuations, although they too have increased over 12 per cent since fiscal 1994. This shift away from spirits to wine and beer has resulted in declining profit margins, largely because beer and wine products have a lower gross return for SLGA than spirits do.
- **Convenience.** A shift toward ready-to-drink products such as coolers and beer.
- **Product Selection.** Consumers wanting more product information, selection, convenience, and better shopping environments.
- **Online Services.** More pressure for on-line services, especially in the licensing area.
- **Balancing Competing Outcomes.** Expectation to balance revenue generation initiatives with social responsibility and awareness.

TRENDS IN GAMING

- **VLT Revenue.** The gaming market is likely approaching a leveling-off point for the number of electronic gaming devices feasible in the Province. However, the replacement of all the existing VLT machines, as well as the addition of 400 incremental machines should help sustain VLT revenues over the next few years.
- **Declining gaming revenue in the charity gaming and horse racing sectors.** Increased competition in the gaming sector, changing customer preferences and limited population growth has negatively affected resources for charitable organizations. Gross spending on charitable gaming has declined from a high of $266 million in 1993 to a low of $177 million in 2000. Net income to beneficiaries, however, has not decreased as significantly due to SLGA policy changes, such as the elimination of SLGA's four per cent licensing fee on nearly all charitable gaming activities. The live horse racing sector has experienced a 20-year decline in Saskatchewan due to a variety of factors. Wagering on live races in the Province has decreased by 95 per cent since 1984.

INTERNAL CHALLENGES

- **Regulatory Compliance Trends.** Expansion into the electronic gaming sector has introduced compliance challenges, especially in developing gaming integrity standards, specific industry and technological knowledge to assess new products, and a more sophisticated understanding of security and surveillance issues.
- **Information Technology**. SLGA must continue to modernize its information systems and technology which is critical to meeting the customer service expectations of the public, and to improving SLGA's efficiency and effectiveness. To support technology modernization, SLGA is also challenged to meet the training needs of its employees.
- **Policy and Legislative Environment.** The policy framework governing the many competing and distinct roles of SLGA requires constant re-evaluation to meet emerging priorities and needs.
- **Accountability.** The overall financial accountability of SLGA and its partners is critical to the success and credibility of SLGA. Ongoing efforts to constantly improve financial and non-financial accountability are a key part of SLGA's strategic direction.
- **Stakeholders Views.** SLGA is constantly challenged to balance the many diverse and often competing interests of its stakeholders and partners. SLGA initiatives must consider the impact on the general public, industry stakeholders and societal concerns regarding social responsibility and enforcement issues.

Changes from 2003-04 Performance Plan

There have been no fundamental changes in SLGA's overarching strategic direction since 2003-04. The goals and objectives of SLGA's 2004-05 plan are based on those that were published in SLGA's 2003-04 strategic plan. Key actions have been updated for the 2004-05 planning and budgeting cycle. SLGA will continue to refine its strategic direction and report on results over time. The success of SLGA's plan depends on the support and skills of its employees, in addition to the support of stakeholders, partners and the public.

SLGA has made some adjustments to specific performance measures, including deleting three measures where a measurable outcome has come to fruition (i.e., Number of VLTs replaced; licensing customer survey) or where the measure required further methodological refinement (i.e., percentage of staff trained in customer service and product knowledge). SLGA has however added a number of new performance measures related largely to financial outcomes and demonstrating SLGA's return on investment. SLGA will continue to refine its performance measures over time.

Goals, Objectives, Actions and Measures

The following section of SLGA's Corporate Balanced Scorecard is intended to provide more detailed information about SLGA's plan for the future and what SLGA will do to achieve its strategic direction. This section describes in greater detail what SLGA's objectives are and what specifically the organization intends to do to achieve them by specifying a number of key actions. All of the key actions specified here apply to the 2004-05 fiscal year.

This section also provides information that will help determine whether or not the Corporation has been successful in meeting the objectives defined by its plan. In order to do this, SLGA has presented a number of performance measures that provide information about specific outcomes identified in the Scorecard.

Unless otherwise indicated, SLGA has reported year end results for the 2002-03 fiscal year for its performance measures. Results for the 2003-04 fiscal year will be reported in July as a part of SLGA's 2003-04 Annual Report.

GOAL #1

Customer service:
Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous, and knowledgeable staff

OBJECTIVE 1 - *Customer satisfaction: Achieve and maintain a high level of customer satisfaction for our customers*

Customer satisfaction is an important indicator of the quality of SLGA's programs and services and how they are perceived by the public and stakeholders.

As a customer-oriented business, SLGA's strategic plan has dedicated considerable resources to continually improving customer service. Ultimately, customer service is one of the most important outcomes for SLGA.

Key Actions for 2004-05

- Develop and administer a comprehensive retail liquor customer satisfaction survey to measure performance and obtain feedback for future customer service improvement initiatives.
- Continue to implement a customer service and product knowledge training program to improve customer service.
- Redesign SLGA's external Internet site to increase the information and services available to customers, including the development of online licensing and registration systems.
- Upgrade and roll out management information systems to increase efficiencies and provide more meaningful information. This work will include refinements to SLGA's Point-of-Sale system: its warehouse and inventory management system, and a new online charitable gaming licensing system.

What are we measuring?

Customer satisfaction – retail liquor customers

Where are we starting from?

92% of survey respondents are satisfied with customer service at liquor stores.
97% of survey respondents said that the overall quality of service provided by liquor stores either met or exceeded their expectations.
92% of survey respondents are satisfied with product selection in SLGA stores.

In 2003, SLGA administered a detailed satisfaction survey related to the retail liquor stores operated by SLGA. Overall, the survey showed that satisfaction ratings for SLGA's retail liquor customers are very strong.

Surveys of this type can help SLGA develop policies and strategies to improve customer satisfaction. The survey was administered to a random sample of 1,500 Saskatchewan residents. The survey is considered accurate to within + or – 2.5 per cent at a 95 per cent confidence level.

OBJECTIVE 2 - *Customer focused infrastructure: Distribute liquor and gaming products through a contemporary infrastructure that balances customer expectations with fiscal responsibility*

SLGA's business, and the quality of its services, are dependent on a range of components, including the infrastructure used to house and deliver our products and services. This infrastructure can range from retail liquor stores, to electronic gaming machines (e.g., VLTs and slots), to SLGA's warehouse inventory and point-of-sale systems. The extent to which SLGA's infrastructure is maintained, replaced or upgraded has significant implications for how the Corporation meets specific needs, including a desire to enhance customer service and to respond to changing market demand.

Key Actions for 2004-05

- Review VLT Distribution Policy. SLGA will begin to review its VLT Distribution Policy in 2004-05. SLGA will consult with site contractors to discuss the parameters and scope of a review of the existing VLT distribution policy across the Province.
- Annual Retail Marketing Plan. Update and implement an annual marketing plan that identifies opportunities to enhance and promote retail liquor sales and services.
- Implement a liquor store capital plan that provides improved customer service through increased product selection, improved parking, and improved access to products and services.
- Continue to conduct research into potential improvements to the beverage alcohol distribution system.
- Replace 155 slot machines within the SIGA Casinos.

What are we measuring?	Where are we starting from?
Number of stores renovated/relocated	SLGA announced that new liquor stores will be built in Yorkton and Gravelbourg. In addition, minor improvements were undertaken in Moose Jaw, Lloydminster, Humboldt, and Kerrobert.

This measure reflects the extent to which SLGA's Capital Plan is being implemented. While a sustainable infrastructure helps meet the needs of SLGA's retail liquor operations, SLGA must also balance the desire to improve its infrastructure with financial considerations. SLGA's capital plan therefore envisions a measured approach to infrastructure renewal, which provides for some improvements but which also ensures that infrastructure investments are aligned with fiscal constraints.

Other capital improvements will be undertaken as resources permit. SLGA will report on any results that have been delayed or deferred, as a part of its year end 2003-04 performance reporting in July 2004.

GOAL #2

Public policy:
Develop and administer fair public policy, which monitors and regulates liquor and gaming activity, provides for a distribution of revenue among provincial stakeholders, and promotes integrity and social responsibility in the industry

OBJECTIVE 1 - *Monitoring and regulating: Promote integrity, responsibility and fairness in the liquor and gaming industry*

A key part of SLGA's role focuses on developing, administering, and enforcing the laws and regulations pertaining to the Province's liquor and gaming sectors, including ensuring compliance with *The Alcohol and Gaming Regulations Act, 1997*. SLGA works in conjunction with law enforcement and other regulatory agencies in order to ensure greater effectiveness and efficiency in monitoring both liquor and gaming activities throughout the Province. SLGA also conducts comprehensive site inspections, investigates complaints, and ensures the registration of gaming employees and suppliers. In addition to these roles, SLGA plays an important role in ensuring the legislative, regulatory and financial framework for the liquor and gaming industries addresses emerging challenges. All of these functions are designed to ensure the integrity of the liquor and gaming industries in the Province within a legal framework that is both fair and responsible.

Key Actions for 2004-05

- Continue to work towards improving SIGA's overall planning and accountability, including ensuring SIGA's compliance with the sustained progress benchmarks as well as the full range of recommendations set out by the Provincial Auditor.
- Work with the Provincial Auditor's Office to respond to recommendations surrounding SLGA's reporting and financial management.
- Work with Western Canada Lottery Corporation to improve compliance with gaming integrity standards.
- Lead the planning and execution of a review of the liquor licensing and regulatory system with a particular focus on the benefits and costs of a one-permit type of licensing system.
- Perform a complete review of the regulatory instruments upon which SLGA's regulation of casino gaming is based.
- Develop and execute the workplan required to bring SLGA into compliance with the Province's Privacy Framework initiative for 2004-05.
- Continue to modernize and update the legislative and regulatory framework for liquor and gaming activity in the Province, including: strengthening provisions respecting casino admission bans; improving integrity standards for gaming products; and, updating and clarifying a number of alcohol-related requirements.

What are we measuring?

Ensuring a high degree of compliance is a key outcome envisioned in SLGA's strategic plan. These measures show how SLGA monitors compliance in the liquor and gaming sectors in the Province. Each measure contributes to ensuring the integrity of SLGA's regulatory compliance framework. The first measure is an aggregate measure that depicts the outcome of SLGA's liquor compliance activity, by illustrating what percentage of inspections and investigations result in an actual sanction. Overall, the measure demonstrates that compliance rates in the liquor sector are very high. Measures surrounding the number of inspections, investigations, sanctions, audits, and registrations reflect the scope of activity conducted in various areas of regulatory compliance. SLGA also conducts a number of educational workshops that are intended to promote awareness about the laws and regulations governing the liquor and gaming industries in Saskatchewan.

Where are we starting from?

Compliance rates for liquor activity[1]	92%
Total number of compliance contacts with stakeholders	12,334
Number of inspections	4,939
Number of investigations	3,324
Number of audits/reviews	132
Number of consultations	3,439
Total number of sanctions	292[2]
Number of educational workshops	153[3]

[1] *The compliance rate is 99 per cent if you count only those sanctions which resulted in a fine or a suspension.*

[2] *Of the 292 sanctions, 240 were initial letters of warning and only 25 sanctions resulted in a suspension, a fine, or both.*

[3] *SLGA provided 153 educational workshops through the Community Liaison Branch. As well, SLGA attended 54 meetings in a client education/information capacity for charitable gaming.*

OBJECTIVE 2 - *Revenue distribution: Distribute liquor and gaming revenues among provincial stakeholders in support of broader provincial objectives*

SLGA plays a very significant role in both revenue generation for the provincial government as well as in redistributing liquor and gaming revenues among provincial stakeholders in support of the achievement of broader provincial objectives. In 2004-05 SLGA is projecting a transfer of $365.4 million to the provincial government's General Revenue Fund. In addition, the policy and legislative framework governing the Province's liquor and gaming sectors provides for the sharing of revenue among many stakeholders.

Key Actions for 2004-05

- Continue to implement the provisions of the Gaming Framework Agreement and work towards the fulfillment of its obligations, including work on: the Casino Operating Agreement; the SIGL-SLGA Regulatory Agreement; and, the joint FSIN/provincial committee respecting First Nations jurisdiction over gaming on-reserve land.
- Complete a gaming research project to provide in-depth historical analysis of the gaming market to provide an understanding of the relationships between different forms of gaming as new products are introduced and the market moves toward saturation.
- Conduct a review of charitable gaming with a view towards determining the long-term role of SLGA in supporting the charitable gaming sector.
- SLGA will continue to play an ongoing role with respect to Community Development Corporations by acting as an advisory resource for two CDCs and as the Government's representative on two other CDCs. Work will continue towards establishing a CDC Standing Committee.
- Conduct a review of Horse Racing including the effect of changes to the grant structure made in 2002, evaluating the effect of telephone account betting, and evaluating proposals to allow wagering on horse racing using the Internet.
- Implement SLGA's corporate research agenda, which includes policy and program evaluation, background research, post-implementation evaluation, survey work, environmental scanning, performance measurement, and comparative and historical research.

What are we measuring?	**Where are we starting from?**
Revenue distribution to stakeholders:	Revenue distribution to stakeholders:
• VLT site commission revenue	• $ 35.6M
• Off-sale permittee beer discount	• $ 9.8M
• Franchise commission	• $ 3.8M
• Charitable gaming proceeds	• $ 37.0M
• Revenue transferred to First Nations Rehabilitation Addiction Fund (FNARF)	• $ 1.5M
• VLT revenue transferred to the General Revenue Fund (GRF)	• $178.0M
• SLGA total net income transferred to General Revenue Fund (GRF)	• $328.7M

The measure reflects how revenues are shared among various provincial stakeholders within the liquor and gaming sectors in Saskatchewan. The measure is intended to show the broader context of how liquor and gaming revenues are distributed among many different provincial stakeholders.

OBJECTIVE 3 - *Fair access: Support fair access to liquor and gaming products and services*

The outcome of this objective is to ensure fair access to liquor and gaming products and services across the Province. Saskatchewan's geographically dispersed population makes achieving this objective a key principle in the Province's public delivery model. In the retail liquor distribution sector, the achievement of this objective is reliant on SLGA's partnership with the Province's network of private franchises and off-sale outlets, both of which play a significant role in serving rural and remote areas. Similarly, providing access to gaming activities, depends on SLGA's partnership with VLT site contractors, the Province's charitable gaming network, and the SIGA casinos.

Key Actions for 2004-05

- Review of VLT Distribution Policy: SLGA will undertake to review the distribution policy for provincial VLTs. In 2004-05, SLGA will consult with site contractors to discuss the parameters and scope of a review of the existing VLT distribution policy across the Province. This consultation process will also help identify the key issues that require review and the criteria for addressing them.

What are we measuring?	**Where are we starting from?**
Retail liquor outlets per capita	1 outlet per 1,314 people (1:1,314) The equivalent ratio for Alberta is 1 outlet per 2,090 people (1:2,090)

Saskatchewan's model for beverage alcohol distribution provides more outlets per capita than in any other jurisdiction except Quebec. This measure depicts the ratio of liquor outlets per capita, and as such the measure serves as a good indicator for tracking fair access to liquor products and services. The measure is calculated by adding together the number of liquor stores, the number of franchises, and the number of off-sales and dividing this total by the population of the Province.

What are we measuring?	**Where are we starting from?**
Number of VLTs in operation; number of sites; and the number of communities with VLTs	As of October 2003, there were 3,998 VLTs in 702 sites, located in 334 communities across the Province

This measure tracks the total number of VLTs in operation, the number of sites that have access to VLTs, and the number of communities in which VLTs are located. The measure serves as a good indicator for tracking fair access to VLTs.

OBJECTIVE 4 *- Social responsibility: Promote social responsibility in the use of liquor and gaming products*

This objective is intended to reflect the key partnership role SLGA plays in promoting the socially responsible use of liquor and gaming products in collaboration with agencies like Saskatchewan Health and SGI. Social responsibility forms a part of SLGA's mandate and work towards this objective is an important part of SLGA's strategic direction.

SLGA currently contributes to a number of programs and initiatives designed to improve social outcomes in the use of liquor and gaming products including programs like: the Server Intervention Program; Have Someone for The Road Program; VLT Customer Assistance Training; Fetal Alcohol Syndrome Program; the Problem Gambling Help-Line; the adoption of responsible gambling features on VLTs; funding for the Saskatchewan Responsible Gaming Association (SRGA); and, recently an initiative banning beer bottles in La Loche.

Key Actions for 2004-05

- Provide financial and policy support to the Provincial Strategy for Individuals with Cognative Disabilities.
- Review the impact of SLGA's implementation of a two-year pilot project banning beer bottles in La Loche. SLGA will consider, in consultation with interested groups and communities, whether a broader program is warranted for 2004-05 and beyond.
- Work with Saskatchewan Health within the overall provincial program for problem gambling and provide funding for education, prevention, and treatment initiatives.
- Continue to work with the Western Canadian Lottery Corporation (WCLC) to provide VLT site contractor training which encourages the responsible use of gaming machines and provides training on spotting signs of problem gambling.

What are we measuring?

Under development

Where are we starting from?

Under development

GOAL #3

Our people:
Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility

OBJECTIVE 1 - *Employee health, safety and satisfaction: Create a safe, healthy, and positive workplace for our employees*

SLGA is a significant employer in the Province, with approximately 850 full-time, part-time and temporary staff in 64 communities. As a provider of services, SLGA's staff are critical to ensuring the organization's success in meeting customer's needs and being successful as a business. SLGA is committed to its vision of being an employer of choice and to living up to its guiding principle of mutual respect. This objective reflects SLGA's commitment to ensuring a positive, healthy and safe workplace for its employees. SLGA believes that the work environment is a significant determinant of employee success and productivity, and as such is a key component of our strategic plan.

Key Actions for 2004-05

- Develop and implement a training program for harassment and violence awareness in the workplace and deliver to all SLGA employees.
- Develop and implement a corporate employee satisfaction survey, which provides meaningful information to guide future initiatives.
- Support positive labour relations by using a co-operative and collaborative approach with union representatives to renew the existing Collective Agreement which expires in March 2004.
- Implement the In-Scope Classification Plan for SLGA, and begin the development of the Out-of-Scope Classification Plan.
- Develop a comprehensive evaluation process for corporate training initiatives. Implement a standardized feedback process that measures a participant's response to corporate training and determine the overall effectiveness of SLGA's training in achieving specific outcomes.

What are we measuring?	**Where are we starting from?**
Number of employees who have taken harassment & violence in the workplace awareness training each year	0

This performance measure is intended to reflect the extent to which employees have taken training designed to eliminate harassment and violence in the workplace. The implementation of this program has been delayed however due to budgetary and financial considerations.

OBJECTIVE 2 - *Employee performance and skill development: Develop the capacity and skills of our employees by offering opportunities for learning and growth*

Developing the capacity of SLGA's employees is an important component of SLGA's renewed approach to performance management and accountability. This objective envisions the development and implementation of a number of initiatives designed to develop employees' skills and performance. These initiatives are important components of ensuring that the organization has the capacity to meet other strategic outcomes, including enhancing customer service and overall productivity. As well, this objective is tied to developing leadership skills throughout the organization and to ensuring SLGA can address longer-term human resource challenges like retention, career planning and succession planning.

Key Actions for 2004-05

- Continue to train employees in leadership skills by offering introductory and management courses as well as specified modules for specific leadership issues.
- Develop a learning and performance planning policy/program that assists each employee in developing their skill set and directs the organization to proactively address succession planning.

What are we measuring?	**Where are we starting from?**
Cumulative number of employees who complete leadership training	600 employees have participated in this training program since its inception in 1997

This measure reflects SLGA's commitment to building leadership skills throughout the organization as a means of ensuring continuous success in achieving SLGA's strategic direction.

OBJECTIVE 3 - *Representative workforce: Develop a workforce that is representative of the population*

This objective reflects SLGA's commitment to having a workforce that represents the working age population of Saskatchewan at all levels of the organization. It is a critical component of SLGA's Balanced Scorecard and is also a key outcome envisioned by SLGA's *Corporate Employment Equity Plan*.

Key Actions for 2004-05

- Continue to deliver cultural awareness and diversity training to all SLGA employees.
- Based on the Aboriginal Partnership Agreement (APA) and the joint union/management Employment Equity Plan, prepare the organization to hire and retain employees from the four designated groups.

- Continue to implement SLGA's Corporate Employment Equity Plan, including actions surrounding: recruitment and hiring strategies; retention strategies; employee education; performance management; and, job classification, designation, and evaluation.
- Begin the development of a corporate-wide succession strategy in order to ensure SLGA is able to respond effectively to the demographic challenges identified in its environmental scan.

What are we measuring?

Equity group employment

Where are we starting from?

Employment by equity group:

- Aboriginal people = 5.0%
- Women[1] = 58.1%
- Persons with disabilities = 3.7%
- Visible minority persons = 2.1%

[1] *This baseline represents "women" overall and does not reflect "Women in Underrepresented Occupations". While women in general are not underrepresented in SLGA, they are underrepresented in management positions.*

This measure depicts the employment status of the four designated equity groups within SLGA as of May 2002. The measure is an important indicator for evaluating progress towards achieving a representative workforce. SLGA has adopted the Saskatchewan Human Rights Commission guidelines for equity group employment rates, as follows: women (45%); Aboriginal people (12.5%); persons with disabilities (9.7%); and visible minorities (2.8%).

What are we measuring?

Number of employees who have taken aboriginal awareness training

Where are we starting from?

294 employees

By providing employees with an awareness and appreciation of Aboriginal culture, SLGA will be better positioned to recruit equity groups, including Aboriginal people, and more importantly, retain qualified Aboriginal employees.

OBJECTIVE 4 - *Communication: Effectively communicate our policies, priorities, and results both within our organization and to the public*

This objective reflects the importance of communicating SLGA's priorities, policies, programs, and results effectively to both our internal and external stakeholders. Due to the size of SLGA as an organization, and given the number and diversity of stakeholders and customers in the liquor and gaming industries in Saskatchewan, effective overall communication is a critical corporate priority.

Key Actions for 2004-05

- Develop, implement, and refine the corporate website and the corporate intranet to provide the public, clients, and employees with a full range of information on the strategic direction, role, mandate, organizational structure and legislative responsibilities of SLGA.
- Publish SLGA's Corporate Balanced Scorecard and its performance results annually in a timely and meaningful way.

What are we measuring?	**Where are we starting from?**
Under development	Under development

SLGA is currently developing performance measures for this objective that measure the organization's success in communicating both internally and externally. Some of the measures SLGA is considering include: the perceived value and use of both SLGA's public website and employee intranet (using a survey approach); measuring the full extent of SLGA's consultation activity with stakeholders and customers; evaluating the broader public and client understanding of SLGA's policies; and, measuring the effectiveness of our public performance reporting. Implementation of these activities, however, will occur as resources permit.

GOAL #4

Internal operations:
Continually improve our business processes through enhanced productivity, improved internal management systems, and through the creativity of all employees

OBJECTIVE 1 - *Improved business processes and infrastructure: Streamline our internal business processes and infrastructure, to foster continuous improvements, enable our employees, and strengthen our customer service capabilities*

This objective speaks to the importance of ensuring continuous improvement in SLGA's internal operations. The objective seeks to align all of SLGA's key business processes with the achievement of the other key outcomes identified in this Balanced Scorecard. Operational improvements are diverse in their scope, and can include: aligning our information systems and technology with key priorities, refining and improving our annual planning and budgeting

processes; providing meaningful research and policy analysis to decision-makers on key issues within the liquor and gaming sectors; making strategic operational investments which improve service and revenue growth; and, seeking efficiencies in the delivery of programs and services.

Key Actions for 2004-05

- Continue to explore and respond to strategic IS/IT issues, including disaster recovery and risk management plans, enhanced on-line licensing systems; data reliability and integrity, IT/IS training and support needs, and the implementation of new systems.
- Automate and redesign business processes by completing the implementation of new information systems related to liquor licensing and charitable gaming.
- Develop and pilot a store planning process. SLGA will pilot a store strategic planning process as part of the 2004-05 corporate planning process.
- Continue developing and using the Balanced Perspectives model to facilitate the strategic planning and performance management process.
- Work with the Western Canadian Lotteries Corporation (WCLC) to evaluate and assess the Province's gaming network and make adjustments in policy where required.
- Complete the development of a Security Charter.

What are we measuring?	**Where are we starting from?**
Licensing, regulating and support expenses as a percentage of revenue	4.0%

This is an efficiency measure that depicts the overall cost of managing the generation of revenue within SLGA. The measure reflects SLGA's efforts to optimize revenue using the least amount of operational resources. The measure also reflects the expenditures that SLGA requires in order to meet its operational and regulatory objectives. The measure is intended to evaluate how well SLGA is doing in terms of improving internal business operations, and how efficiently it uses public resources. A figure of roughly four per cent is a very positive outcome for a large organization like SLGA with a significant number of employees, and large regulatory and customer service roles.

OBJECTIVE 2 - *Liquor and gaming distribution productivity: Distribute and manage liquor and gaming products efficiently to ensure customer expectations are being met in a cost-effective manner*

This objective speaks to SLGA's operational efficiency in the distribution and productivity components of the liquor and gaming sectors in Saskatchewan. The objective requires SLGA to work in partnership with a range of important partners and agents, including SIGA and WCLC.

Increasingly, one of the most important aspects of ensuring a high degree of efficiency and productivity rests with SLGA's information systems. In the past several years, SLGA has begun several initiatives designed to improve the supply chain and sales process for liquor distribution, including upgrading our Point-of-Sale systems.

Key Actions for 2004-05

- Finalize the upgrade to SLGA's Point-of-Sale system for liquor distribution.
- Continue to monitor and approve budgets for the Western Canadian Lottery Corporation. SLGA contracts with WCLC to provide services such as training, installation and maintenance of VLTs and slot machines, maintaining the central operating systems, and providing a toll-free hotline for assistance.
- Continue to monitor and approve budgets from SIGA.
- Develop an internal audit process to identify key corporate strategic risks and strategies to mitigate these risks across the organization.
- Begin the development of a Business Continuity Plan for SLGA that is linked to the organization's broader strategic planning and risk management processes. This type of plan will help ensure the continuity of SLGA's critical business processes in the event of a major, unforeseen, disruption, loss, threat, or risk to those services.

What are we measuring?	Where are we starting from?
Store operating cost as a percentage of store sales	12.6%

This measure demonstrates SLGA's efforts to optimize store revenues using the least amount of operational resources. Given the nature of SLGA store costs in terms of labour, supply, capital, and equipment costs, the outcome of this measure reflects a high degree of efficiency in terms of keeping costs down as a percentage of revenues.

What are we measuring?	Where are we starting from?
WCLC costs as a percentage of VLT revenue	4.4%

This measure depicts SLGA's efforts to optimize the return on investment from contracting with WCLC for the administration of the central computer systems for the Province's VLTs.

What are we measuring?	Where are we starting from?
SIGA net income as a percentage of SIGA revenue	33.5%

This measure shows the relationship between revenues and net income for SIGA. Ideally, this percentage should increase over time as revenue increases resulting in higher net income as opposed to reflecting higher operational expenditures.

What are we measuring?	Where are we starting from?
SIGA costs as a percentage of SIGA revenue	59.6%

The outcome of the measure reflects how efficient SIGA is in its slot machine operations. Changes in the results over time can help to determine whether slot machine revenues increase at a faster rate than the costs required to operate the slots. SIGA has lowered these costs significantly since 2000-01, when the ratio was nearly 68 per cent.

GOAL #5

Financial:
Be fiscally responsible and accountable in support of provincial financial objectives

OBJECTIVE 3 - *Financial management and accountability: Manage our resources effectively to ensure fiscal responsibility and accountability*

This objective reflects SLGA's commitment to sound financial management, and overall financial accountability. An important part of achieving this objective is aligning SLGA's Balanced Scorecard with our financial planning and budgeting processes.

Key Actions for 2004-05

- Continue to explore all options to increase net income in a socially responsible manner.

What are we measuring?	Where are we starting from?
Net income made available to the General Revenue Fund (GRF)	In 2002-03, $328.7 million was made available to the General Revenue Fund by SLGA. Note: This figure includes an additional $3.5 million in retained earnings that were also transferred to the GRF.

SLGA plays a very important role in funding provincial programs and services by transferring its net income annually to the provincial treasury. SLGA's net income reflects the total net revenue generated by the Province's liquor industry and the majority of the gaming industry after deducting operating expenses. This is a critical outcome for SLGA and it contributes significantly to meeting the Government's revenue needs for the funding of other key programs.

What are we measuring?	Where are we starting from?
Net income percentage variance from previous year	+2.2% in 2002-03

This measure depicts the percentage change in SLGA's net income from the previous year. Notwithstanding the need to balance revenue generation with social responsibility, SLGA is committed to ensuring a financial return for public funds expended in the liquor and gaming sectors.

What are we measuring?	Where are we starting from?
Marginal return on expenses (MRE)	+0.89

This measure expresses an overall return on investment as an outcome. The measure expresses a ratio between the Change in Net Income compared to the Change in Total Operating Expenses. Any outcome greater than zero is a positive outcome. Conversely, as declining net income is not desirable, a negative MRE is unfavourable. This measure reflects the principle that while operating expenses can increase, this growth often leads to an increase in net income.

Where to Obtain Additional Information

If you have any questions or comments about SLGA's 2004-05 Balanced Scorecard, or if you have specific questions about the programs and services provided by SLGA, please visit our website at www.slga.gov.sk.ca or contact:

Saskatchewan Liquor and Gaming Authority
P.O. Box 5054
2500 Victoria Avenue
Regina, Saskatchewan
S4P 3M3

(306) 787-4214